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AUTHOR Christin, Teresa
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ABSTRACT

This white paper examines the relationship of child care to business interests. Areas explored include: (1) the relationship between a robust economy and increasing family stress; (2) family-friendly benefit options and the bottom-line rewards for employers who offer them; (3) how businesses are getting involved in partnerships to address issues of early care and education both inside and outside of Virginia (includes numerous short program descriptions); and (4) projected changes for the new workforce and economy. The paper concludes with recommendations for action by business and government leaders and other advocates across Virginia for improving child care quality. (EV)

CRITICAL ISSUES IN CHILD CARE

White Paper 3

BUSINESS AND CHILD CARE

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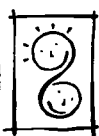
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ACTION ALLIANCE FOR VIRGINIA'S CHILDREN AND YOUTH

This white paper is part of a series on Critical Issues in Child Care, published by the Action Alliance for Virginia's Children and Youth.

The Action Alliance is Virginia's only statewide, multi-issue child advocacy organization. The mission of the Action Alliance is to build a powerful voice for children and to inspire the people of Virginia to act on their behalf.

In addition to advocacy efforts, the Action Alliance implements a number of projects, including KIDS COUNT in Virginia; TEACH-VA; coalitions on child care, children's mental health, and the prevention of violence; and the Beat the Odds scholarship event. Nonprofit and nonpartisan, the Action Alliance is a membership organization.

For more information on any of these projects, contact:

Action Alliance for Virginia's Children and Youth
701 East Franklin Street, Suite 807
Richmond, VA 23219
Tel.: (804) 649-0184 FAX: (804) 649-0161
e-mail: actionalliance@vakids.org
web site: www.vakids.org

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PRIMARY AUTHOR: TERESA CHRISTIN, SENIOR PROGRAM AND POLICY DIRECTOR

ACTION ALLIANCE STAFF ASSISTANCE:

SUZANNE CLARK JOHNSON, PHD, EXECUTIVE DIRECTOR

MARY NIENOW, TEACH COUNSELOR

LISA WOOD, DIRECTOR OF KIDS COUNT

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Forward

Dan and Sarah are a newly married couple living in Portsmouth. Both were in school and working full time when they found out that Sarah was pregnant. They knew that financially things would be difficult. Their healthy son, Robert, was born in February 2000. Sarah took a typical maternity leave of six weeks, and continued with school. When her maternity leave was over, she returned to work and it quickly became obvious that having both parents raise a child, go to school, and work was an exhausting task. To make things worse, the baby had colic, didn't sleep well, and cried constantly. Dan's mother had offered to watch Robert whenever needed, but after only a few weeks, she realized that she just couldn't handle a baby who cried all the time. Dan decided to quit school so he could spend more time at home, and Sarah started working evenings and weekends so that she was at home during the day. Several arguments ensued as the couple tried to work out a schedule that allowed them to be with Robert and have time with each other. Sarah was reluctant to find a full-time job during the day, because she did not feel that there were any affordable providers in her area that she would feel comfortable leaving her son with all day. Dan, who was concerned about money, but sensitive to Sarah's anxiety, became aware of a company near their home that was known for paying well, but more importantly, offered an on-site child care center. He felt that this might be the solution to their problem.'

Dan and Sarah's story represents the stress that typical working families are dealing with today. Balancing work and family has become increasingly difficult for families. The lack of available, affordable, quality child care has been well documented as a growing issue for working families all over the country. Virginia is not exempt from this complex problem.² An inadequate supply of quality child care not only impacts children and the quality of life for families, but also potentially impacts productivity and turnover of individual workers, future business growth and profitability, and local economies in a negative way. The business community has historically been reluctant to become involved in the child care dilemma, believing the issue to be one for individual families to solve.³ This view has been changing, however, as new research has pointed out the benefits to business and to their surrounding communities when they do choose to become involved. Businesses are taking a leadership role in many states on early care and education issues and have become strong advocates on public policy for child care regulation and spending. Unfortunately, in Virginia the business community has not yet taken a strong role in public policy. There are, however, some important local initiatives with the potential to lead to greater involvement in child care advocacy at the state level.

This white paper will examine the relationship of child care to business interests, including:

- The relationship between a robust economy and increasing family stress.
- Family-friendly benefit options and the bottom-line rewards for employers who offer them.
- How businesses are getting involved in partnerships to address issues of early care and education both inside and outside of Virginia.
- Projected changes for the new workforce and economy.
- Recommendations for action by business and government leaders and other advocates across the Commonwealth.

The Changing Economy and Family Stress

The state and national economies have been strong and growing for the past decade. Throughout the third quarter of 2000, the unemployment rate was hovering lower than 2.5 percent in Virginia, which represents the lowest rate in nearly 31 years.⁴ A message from Governor Gilmore at the Virginia Economic Development website reports, "Last year was Virginia's highest job-creation year in history with 48,000 new jobs announced." Jobs generally increased in all major private industries in Virginia with total payrolls up 2.9 percent since 1996. Even with reports of an economic slowdown in the fourth quarter the economy grew by 5 percent in 2000, the best showing since 1984.⁵

It would appear that most Virginians are doing better than ever economically. But are they? In some sectors of the economy, Virginia workers have indeed experienced modest wage increases, but a closer look reveals that most families across the state are working harder to maintain their family income. Average annual pay levels vary widely by industry with the lowest average pay recorded in retail trade, \$15,374, reflecting the high proportion of part-time and seasonal employment in that sector.⁶

Over the past two decades, it has become increasingly necessary in most families (all but the top fifth) to have both parents working in order to maintain their household income.⁷

The importance of working mothers in stemming the decline of family income is neatly summarized by the following fact. When one counts the wages of both spouses, between 1989 and 1996 family income fell only for families at the bottom 40% of the income distribution. However, if one were to remove the contribution of mothers' work, family income would have declined for a full 80% of the working population! In other words, men working alone could only sustain family income for families in the top 20% of the income distribution. Many of the working women who have stemmed the decline of falling family income would have been unable to enter or remain in the labor force were it not for child care facilities. It seems reasonable to conclude that providing adequate child care has become crucial for ensuring a reasonable standard of living for 8 out of 10 American families⁸ [see chart next page for more information]

Between 1996 and 1998, Virginia was one of the top ten states in the country in widening the gap between the top and bottom income levels.⁹

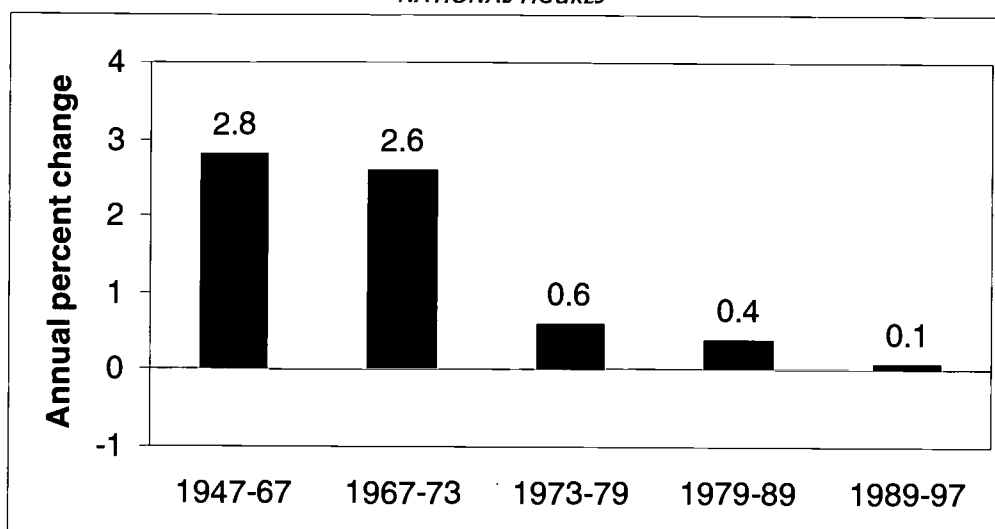
As more parents are working to sustain family income, they face additional challenges in juggling families and jobs. A recent survey of families in Virginia reflected the level of work-family stress. Forty-three percent of respondents reported that they worry about having enough money to meet the basic needs of their family. A substantial number had worries about family well-being. One-third reported that they were worried that someone in their family would lose their job. One-half of citizens reported that not enough is spent to assist low-income working mothers with the costs of child care.¹⁰

Finding affordable, quality child care has become one of the more challenging problems for working families in Virginia. Some factors exacerbating the problem are:

- An extremely low unemployment rate combined with high job growth, means more working parents of young children are in the workforce. This job growth creates increased demand for child care services, making child care less affordable and harder to find. For business, this means competition for workers.

ANNUAL GROWTH OF MEDIAN FAMILY INCOME, 1947-1997

NATIONAL FIGURES



Source: US Bureau of the Census

VIRGINIA

Income Inequality Among Families in the Commonwealth Has Increased Since the 1970s

Income Gaps, Late 1990s

	Rank
	(1 is most unequal)
Richest fifth vs. poorest fifth	10
Richest fifth vs. middle fifth	14

Income-Adjusted Change in Incomes, Late 1970s to Late 1990s

	Dollar Change	% Change
Poorest Fifth	\$190	-1%
Middle Fifth	\$5,630	12%
Richest Fifth	\$45,190	43%

Income-Adjusted Change in Incomes, Late 1980s to Late 1990s

	Dollar Change	% Change
Poorest Fifth	- \$420	-3%
Middle Fifth	- \$770	-1%
Richest Fifth	\$17,950	13%

Source: Economic Policy Institute/Center on Budget and Policy Priorities

- Approximately 21 percent of children under 13 years old are living in low-income working families.¹¹ These families must pay a larger share of their income for child care than middle- and high-income families. The government subsidy programs designed to help low-income working families afford child care is funded in Virginia at a level to only serve 7% of the families with incomes low enough to qualify.¹² Virginia's income cut-off is lower than those in a number of states, including North Carolina and Tennessee.¹³
- Close to 1 out of 3 families (higher than the national average) are headed by a single parent. This percentage has increased 5% since 1990.¹⁴
- In 1998, 65% of married couple families with children under the age of 18 years and 57% of couples with children under age 6 years were families in which both parents worked. Nationally, about 60 percent of all mothers of children under age 6 are in the workforce.¹⁵
- Welfare reform has placed increased numbers of low-income mothers into the workforce with inadequate help in locating or paying for child care costs.¹⁶ Low- to middle-income parents, who work irregular shift schedules, or those who need infant or occasional sick child care, have the most difficulty.
- Child care in most urban areas of the Commonwealth exceeds the cost of one year's tuition and fees at a public four-year college.¹⁷
- The high rate of turnover among child care providers is creating shortages of child care in many highly populated areas (turnover is estimated to be more than 41% nationally).¹⁸ Virginia child care staff average only half of the median wage of other workers, giving them the dubious distinction of being the lowest paid in the nation.¹⁹
- Access to affordable, quality child care has become increasingly critical for many working families, but it is also critical to the growth and expansion of business in Virginia.

The Bottom-line Benefits of Family-friendly Policies

In times of near full employment, companies must be creative in attracting and keeping the best workers. Many businesses, over the past 10 years, have begun to offer more family-friendly benefits and to look at issues like child care for their employees. A three-year study sponsored by the Ford Foundation showed that business concerns are tied to work-life issues and that easing work-life dilemmas helps to achieve business goals. The Balancing Work and Family Study, by the Economic Policy Institute, determined that the mere perception that a company is supportive and flexible increases worker commitment, reduces stress, and has a positive impact on the home life of the worker. Numerous studies conducted over the past several years document the cost effectiveness of offering employees family-friendly benefits.

Child care benefit options for both small and large companies include:

- Flexible work arrangements - Perhaps the easiest and least expensive option for employers is to simply allow employees to tailor their work hours to suit their family needs, for example, allowing a parent to come into work earlier and leave earlier in order to be home in time to greet children arriving home from school. Some small businesses have begun offering flexible work arrangements,

which include allowing employees to bring children to work. The most common child care or flexible work option is part-time work (41 percent of companies).²⁰

At Legacy Personnel Group, Inc., a company located in Fort Lauderdale, Florida, there is an "Honor Roll" program where mothers can bring babies to work for up to six months and care for them at facilities provided at the workplace. They have expanded this service to include sick child care as well.²¹ First Tennessee Bank reported reduced turnover costs of more than \$1 million annually from work/family programs, including more flexible scheduling.

- **Emergency and Sick Child Care Services** - When a child is sick or regular child care is not available, it often causes an employee to miss time from work. The employer can help employees by subsidizing the cost of home health care on a short-term basis, typically provided in the child's home. Another option is to allow employees to go home if their children become sick in child care or during school hours, allowing parents to care for them. This type of benefit seems to have the strongest impact on employees, not only enhancing satisfaction and morale, but also scoring high on increasing commitment, participation, and productivity. Not surprising, since working parents continually cite as their most critical and difficult child care problems: infant, school age, evening, weekend, and emergency or sick child care.²²
- **Family Day Care Networks** - Family day care (child care provided in a private home) is often more popular among parents of infants and toddlers. Parents who work irregular shifts also favor this type of care. Employers can help build a supply of family day care homes by employing staff or contracting with an outside group such as a local child care resource and referral agency. One of the main advantages to this type of child care is the ability to adapt hours and locations to best suit employees.
- **Child care resource and referral** - Most communities in Virginia have access to a local nonprofit agency that maintains a database of available child care in the community, including information about hours of operation, fees, and licensing or accreditation status. Resource and referral services vary by locality, but usually include a counselor who works personally with parents to identify their options for child care, provide information about licensing requirements, and instructs them how to monitor the child care arrangement. The counselor can determine vacancies and any other relevant information the parent may need. Services may include recruitment and training of child care providers and administration of a company child care subsidy plan. Companies can provide some of these services to their employees for a relatively small investment through an Employee Assistance Program. Larger companies like Verizon and Marriott Corporation, for example, have contracts for child care resource and referral services through national work/life companies, which offer an array of services. Medium and smaller companies can give their employees the same or better benefits than the large companies through their local child care resource and referral agency.

According to *Working Mother Magazine* in the 1999 annual report of the Best 100 Companies for Working Mothers, the resource and referral program at Prudential saved the company \$7 million in reduced absenteeism and turnover. Johnson & Johnson saved more than \$4 for every \$1 invested in work/family programs, including child care resource and referral information.²³

- Telecommuting - Depending on the type of job, some companies may be able to allow employees to spend some or all of their time working at home, utilizing computers, phone and fax to keep in touch.
Lexis-Nexis reduced operating costs by more than 45 percent through a telecommuting program.²⁴
- Parenting seminars and Support groups - Providing these types of benefits shows support and concern for an employee's family life and reduces stress related to parenting and child care. Businesses can offer parenting seminars during lunch breaks and/or before or after work begins. Local Cooperative Extension Offices, United Ways, or child care resource and referral agencies can assist companies in finding free or inexpensive ways to offer this benefit to employees.
- Flexible cafeteria benefits - Employees who do not have children may want different benefits than those who do. A flexible benefit plan provides choices that help employees with the family issues about which they are most concerned. Research indicates that even employees without children are positively influenced by the presence of child care benefits.²⁵
- Prenatal and maternity leave time - This benefit requires a minimal investment but offers considerable payoffs in reduced absenteeism, improved morale, and greater productivity. It offers parents time to properly care for their newborn children and to locate proper child care arrangements.
- Child care subsidies - Child care is a major expense for most low- to middle-income families. An employer can elect to provide vouchers for reimbursement of all or a portion of child care costs. Also, under section 129 of the 1981 Economic Recovery Tax Act, an employee can set aside, before taxes, up to \$5000 of his/her salary to establish a Dependent Care Assistance Plan account. Employers do not pay Social Security or unemployment insurance tax on this money. Other subsidy and discount programs may be tax-free if approved by the IRS. Employers and community agencies can also help with the problems of summer care for school-aged children by organizing summer programs for children, which companies can partially subsidize.
- Paid time-off bank - This allows all employees to donate paid time off to other employees who need it for family emergencies.
- On-site or near-site centers - Some employers own and operate their own centers, while others turn over the operation to a contracted outside company. The employer can also elect to turn over the operation to a group of employees. Company child care centers may be open to employees only or may be open to the public while offering a discount to employees. Lancaster Laboratories attributed its low turnover rate—half the industry average—to an on-site child care center.²⁶
- Group centers - A child care center may be set up to serve a number of employers who have employees needing child care. The consortium can run the center themselves or arrange for an outside organization to manage the center.

In a survey of employer-supported child care programs, those that were most successful had several common characteristics, including: high quality programs serving a variety of child care needs, adequate support from the company, use of available community resources, and including high levels of employee involvement in the planning process.²⁷

What are the costs to business when offering child care benefits? The 1997 National Study of the Changing Workforce by the Families and Work Institute found that:

- Two-thirds of employers report that benefits of child care programs exceed costs or that the programs are cost-neutral,
- Three-quarters of employers who offer flexible work schedules find that benefits exceed costs or that the programs are cost-neutral,
- Of those employers with family leave policies, three-quarters find that the benefits exceed costs or that the programs are cost-neutral.

In 1997, The Whirlpool Foundation, *Working Mother Magazine*, and Work and Family Connection surveyed executives in 153 American organizations to find out how they have been evaluating their work-life programs and practices, what they feel they have learned, and their priorities for evaluation in the future. The results of this survey indicate that almost any effort a company makes to help employees with child care issues will be successful at increasing morale, commitment, participation and productivity.²⁸

It is also important to consider that there are substantial costs associated with doing nothing. According to the Families and Work Institute, the costs associated with turnover are high, ranging from 93% to 150% of departing employee's salary and up to 200% of highly skilled or a senior person's salary.²⁹

Offering family-friendly benefits is not enough. The culture of the company must fully support the policies so that no employee feels that there are hidden professional penalties for actually using the benefits. Nearly 40 percent of employees feel their careers would be negatively impacted if they took advantage of flexible schedules, or took time off for family reasons.³⁰ A major new finding of the Families and Work Institute is that working parents who have the greatest need for services and flexibility are often the least likely to receive them. Workers with higher wages are more likely to have access to a wider range of benefits than lower wage workers, who need them the most.³¹ Employers should expect and encourage employees to utilize their child care and family-friendly benefits. Work-family conflicts impact the family, and then in turn affect an employee's productivity, job satisfaction, and commitment.³²

Companies needing assistance in choosing the type of program that will work best for them, launching a new program effectively, avoiding problems, and controlling costs can get help from the U.S. Department of Labor's "Business-to-Business Mentoring Initiative on Child Care." The initiative is being implemented by the Women's Bureau, and includes promoting awareness among industry that affordable, safe child care is a top concern for families. Another primary goal of the initiative is to connect employers with effective child care programs to other employers considering child care options.³³

The following includes examples of large and small companies in Virginia that have implemented family-friendly policies:

Helping employees balance personal needs and goals with job requirements will continue to be a top priority for Markel as the company designs and implements benefit programs. Creating solutions for employees gives them a reason to stay with Markel. - Linda Amato, Markel spokesperson

Bank of America (formerly NationsBank)—NationsBank began offering a system of child care benefits to employees called “Child Care Plus” in 1990, which included child care subsidies for employees with gross salaries below \$30,000, resource and referral services, parent seminars, and also a flexible cafeteria benefit plan. NationsBank received national attention for instituting this progressive benefits program for their employees. Bank of America has continued offering this child care benefit to employees. Bank of America also has made major investments in Success By 6®, an early childhood initiative.

Capital One—In 1996, Capital One began to re-think their benefit plan and started the process by asking employees what they needed. Working in focus groups, associates at that time helped to develop what still exists today as the basic set of benefits employees receive. One of those options is a credit of \$1000, which can be applied to health care or child care needs. As a rapidly growing company that employs more than 20,000 employees in different states, the challenge all along has been that each employee has a different set of issues. Capital One wanted to get the most value for their investment in benefit options.

Katherine Murphy, Human Resource Manager for the Great Place to Work Initiative at Capital One, commented:

Our approach to being a great place to work may take different forms in different places. The exact needs of our associates can vary because of demographics or because of what is actually available in the area. We apply our overall business strategy, which is information-based test market approaches to our child care benefits as well.

In Texas, employees have access to a nearby child care center receiving about a 30% discount including the subsidies that Capital One provides. In Idaho, there is an on-site child care center. These test markets are evaluated and compared by using focus groups and surveys among associates. If successful, these benefits may be incorporated in other locations around the country.

Capital One wants to attract the best workers. We’ve made those connections between child care benefits and people’s productivity and absenteeism, but primarily we invest a great deal in our associates’ training and development and they are worth holding onto.

USAA—USAA is a large national insurance provider with locations in Northern Virginia as well as Norfolk. In Northern Virginia, USAA received the 1999 CARE award (Companies as Responsive Employers), which is awarded annually by Northern Virginia Family Service, to a Large Multi-National Company. USAA programs include resource and referral, cafeteria benefits plan, personal leave, parental leave, career coaching, discounts on child care, and flexible work arrangements including flex-time and job sharing. This company was recognized for investments in health and wellness programs including providing on-site clinical care and a fitness center.

Newport News Shipbuilding—The Planning Council, a 55-year-old human services agency, has had an arrangement for 12 years with the Newport News Shipbuilding to assist employees with dependent care problems.

Susan Goranson, of The Planning Council and Supervisor of The Child Care Answer Line, explained how the child care resource and referral services work:

When an employee calls, counselors listen to his needs and ask any necessary questions to round out the profile of his individual case. We talk about the realities in the marketplace; which areas are flush with resources, which are lean, whatever the rates are; the availability of non-traditional hours of care. We respond to any questions a parent might have. Counselors take this profile and enter its variables into a comprehensive database to come up with possible resources for the parent. Then, we call each resource to find out if [there is] a vacancy for the specific child/ren for the hours, dates, and rates requested. The goal is to find 3 to 5 openings within 48 hours.

Here is one example of how child care resource and referral services helped one working parent:

Antaus Rollins is a nuclear engineering analyst at Newport News Shipbuilding. He learned about the company's child care resource and referral program through publications distributed by the Human Resources Department. In October 1999, he was looking for child care for his two girls, a 9-month old and a two-year old. Mr. Rollins contacted The Planning Council for assistance. Mr. Rollins wanted care for his girls from 7 am until 5:30 pm, Monday through Friday. He was considering both family day care and center-based care. He needed child care as soon as possible. His request came in on October 21, and his referrals were faxed to him the next day. The counselor made 26 phone calls to come up with five openings. Six days later, the counselor called and learned that Mr. Rollins had found care from among the referrals. He expressed his thanks for the help he received.³⁴

The Lynchburg Hematology-Oncology Center—In 1990, this private cancer treatment center located in Lynchburg began offering a cafeteria benefit plan to employees allowing them to tailor their own benefits to meet their needs. With 75% of employees being women, the center decided to add a child care benefit. The company offers employees who choose child care a direct subsidy to cover child care costs on a reimbursement basis. This innovative small business was featured in a 1991 Child Care Action Campaign publication entitled *Not Too Small to Care: Small Businesses and*

Child Care. In 1990, Vicki Ryan, Medical Secretary at the Center stated, "Child care is a very real concern for our employees. A child care benefit is an excellent means by which we can assist our employees and their entire family."

In 2000, Ms. Ryan reported that having the benefit has been wonderful for employees. In fact, there has been almost no turnover of staff since 1990. "The children have all gotten older so we don't have too many who need those benefits now." There were no start-up costs associated with this plan.

Computer Associates International, Inc.—This large company located in Northern Virginia with more than 17,500 employees worldwide offers software, support, and integration services. Winner of the 1999 CARE Pace Setter Award, they were recognized for their outstanding child care initiatives. All Computer Associates offices with 400 or more employees have on-site child development centers, including large indoor and outdoor play areas, media centers, a computer learning alcove, kitchens, and a laundry room. Children have breakfast, lunch, snacks, and dinner in these centers, which are heavily subsidized by the company. A summer camp is available for children aged 6 to 15 years old. Employees can donate vacation time for a reduced fee. Computer Associates also subsidizes holiday care for children aged 6 to 15 years.

FGM, Inc.—This is a small company, also located in Northern Virginia, which received recognition for creating a family-friendly workplace by winning a CARE award in 1999 for small business. A high technology company specializing in software and systems development, FGM allows employees flexibility to establish their own work hours within a 40-hour workweek. Employees are encouraged to participate in company decisions that affect their workplace.³⁵

Business Advocates for Quality Child Care

*More companies are expanding their notions of family friendliness to include community friendliness. Some are concluding that it is not enough to refer employees to care in the community, because there may not be enough care, or the quality of care may not be good enough. These companies have begun making investments in the long-term process of building the supply and increasing the quality of local services. In the realm of child care, for example, some companies are investing in their communities' capacity to provide parents with affordable, high-quality early education and care.*³⁶

The number of employers offering some type of child care benefit has risen dramatically since 1984.³⁷ The number of smaller companies offering benefits is also rising, although it still represents a very small percentage of employers.³⁸ Despite growing evidence that support for child care by business results in reduced turnover, improved employee morale, commitment and productivity; employers contribute only a small percentage of the total spent on child care in the United States.³⁹

There are compelling economic reasons for both business and government to be involved in building the supply of quality child care. Business leaders are increasingly becoming partners with government and can become the strongest advocates for responsible public policy on spending with regard to child care.

Investing in the development of quality early care services in communities not only helps employees now, but also directly impacts the productivity of the current and

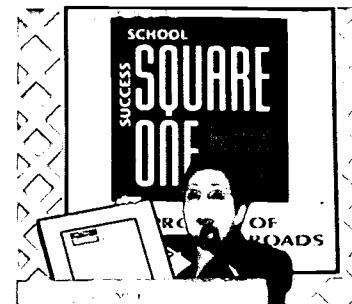
future workforce."⁴⁰

In order to build a competitive workforce, communities must begin at the early stages of children's development. High quality child care experiences can help children prepare cognitively and socially for school. Quality early care impacts the development of children while they are in care and also serves as a reliable predictor of later school performance. New research findings indicate better math, social, and language skills in children who experienced higher quality child care settings. Children in better quality child care settings exhibit better thinking skills and less behavior problems through second grade; and this is especially true for children who are considered at risk due to economic or developmental disadvantages.⁴¹ Increasing research on how the brain develops indicates the importance of early childhood education in preparing children to enter school, reducing behavior problems once children are in school, and reducing overall crime.⁴² High quality child care is expensive, but NOT providing good quality early care and education also has costs. For every dollar invested in early childhood education, a community can expect to save approximately \$7 in future costs.⁴³

Comprehensive statewide planning for early care and education, which involves the business community, is desperately needed in Virginia. Based on testing in kindergarten, 27% of Virginia's children enter school without being ready. Often they fail in the early grades. In 1997, approximately 10,000 Virginia children had to repeat a grade between kindergarten and third grade. Many of these children who are not ready at the beginning never catch up. It will take a strong collaborative public/private partnership with real leadership from the highest levels of state government and management to address the need for high quality child care. There are some interesting and important regional initiatives that could be models for increased involvement and advocacy by the business community at the state level.

Square One is a project of the Hampton Roads Partnership, which is an economic development coalition that represents 17 localities in southeastern Virginia. This project is designed to help all children in Hampton Roads to enter school healthy and ready to learn and "ultimately to provide the region with a competitive workforce in the global economy."⁴⁴ Square One focuses on reporting the status of healthy births and school readiness for children aged 0 to 5 in Hampton Roads. Services include parent education and support. Square One promotes health, quality preschool and child care, and family-friendly business practices; works to establish communications for early childhood programs and supporters; and provides technical assistance to individual localities. Square One is a member of the Virginia Coalition for Quality Child Care and is an active supporter and participant in the TEACH Early Childhood® project (Teacher Education and Compensation Helps). The Action Alliance is the licensed organization to implement TEACH in Virginia. The TEACH-Virginia project is a replication of a highly successful program in North Carolina designed to raise the level of education and reduce turnover rates among child care workers.

Success By 6® began in Minneapolis, Minnesota, with the mission of creating a community where all children's basic health and developmental needs, as well as their opportunities for growth and learning, are met. Two committees of Success By 6® included high-level corporate leaders, government officials, union leaders, nonprofit sector leaders, and child development experts. Working together, they were able to identify goals and action strategies. This model was so successful it is now being replicated in 200 local communities across the country. There are nine local Success By 6®



Virginia Beach Mayor Meyera E. Oberndorf proclaims 2001 the "Year of the Young Child" in Hampton Roads at a Square One conference.

initiatives currently at work in Virginia, with strong support from Bank of America, including: Alexandria, Charlottesville, Culpeper, Lebanon, Lexington, Newport News, Richmond, Roanoke, and Waynesboro.

Tanya-High Brooks, Director of Community Initiatives at United Way of Roanoke Valley, which began one of the Success By 6® projects in Virginia, described the initiative:

Our collaboration for Success By 6® in Roanoke is fairly comprehensive. Most of all, we've acknowledged that our role in child care reform for our community is as a convener. We have a governing body, a leadership council, which oversees all Success By 6® operations. This body is made up of the community and represents civic organizations, health care systems, local businesses, child advocates, neighborhoods, corporations and professionals. Within the organization, there are four action teams who do the hands-on work. They are the Child Care team, Advocacy/Awareness, Human Resource, and Parent Education/Support teams. Each has its own set of goals and objectives as they relate to the mission of Success By 6® of Roanoke and they are comprised of the same types of community volunteers as the leadership council and also include those who are more knowledgeable of the respective child-related subjects.

The collaboration of organizations and individuals is seeking to initiate systematic change of the child care environment by supporting the TEACH Early Childhood® project in Virginia. The group has also launched an Accreditation quality enhancement project and a Chief Executive Officer/Human Resource Director forum, focused on quality child care through the development of family-friendly practices in the workplace.

I guess the biggest credit to our success is that the community has already acknowledged, as evidenced through the various existing coalitions, that child care is in dire need of improvement and has mobilized to do something. Success By 6® is able to help focus efforts on common goals and objectives and move us forward to action.

United Way—Local United Way agencies can be instrumental in facilitating public-private partnerships. Loudoun County is the third fastest-growing county in the country and has an influx of young families. As a result, child care has become a critical issue. Long lines and waiting lists to register children for before- and after-school care are reported. Infant care and odd-hours child care are a growing need.⁴⁵ In May 1999, United Way convened local stakeholders to begin exploring the needs and to develop a strategy for addressing shortages of affordable/accessible child care. In June 2000, B.F. Saul Company, Holiday Inn-Dulles, and Hampton Inn-Dulles sponsored the Loudoun County Child Care Task Force Breakfast. More than a dozen Dulles Corridor/Airport Businesses were involved.

The original collaborative group, now called the Loudoun Child Care Alliance, and has adopted the following mission statement:

*The Mission of the Loudoun Child Care Alliance is to support Loudoun's families, employees, and employers by focusing the time, talents, and resources of business, nonprofit organizations, and public agencies on improving the affordability and accessibility of high quality child care.*⁴⁶

Northern Virginia Family Service presents CARE—Companies as Responsive Employers—Since 1992, this private, nonprofit human service organization has presented awards to businesses in Northern Virginia that demonstrate leadership in creating family-friendly environments for their employees. The CARE award was established based on the conviction that communities are strengthened by family-friendly workplace environments, and the belief that family-centered policies benefit employers and employees alike.⁴⁷ An important part of the CARE initiative is to recognize those companies that are leading the way in creating a better work-life environment, and to assist and encourage companies that are just beginning to implement such policies.

Previous CARE winners have developed a list of best practice solutions. If a company is located in Northern Virginia and has implemented at least two of these best practice solutions, they are eligible to apply for the annual award. The CARE initiative is completely funded by voluntary contributions.

One survey of CARE Award winning companies and *Working Mother Magazine* award winners in the metropolitan Washington DC region found that companies known as “award recipients” report higher employee morale, enhanced recruitment, reduced absenteeism, lower turnover, and increased productivity.⁴⁸

Amanda Mark, who coordinates the annual CARE awards program, has noticed even smaller companies becoming more interested in family-friendly work environments. “Companies really have to provide these kinds of benefits now to keep the best workers. I’m most impressed with the small and medium-sized companies which are coming up with innovative ways to make their business family-friendly.”⁴⁹

The Fairfax County Employer Child Care Council—In 1987, the Fairfax County Board of Supervisors appointed a group of business leaders to serve on the Council. The Council was created as a response to changes in the local and national workforces, which at the time created dramatic increases in the number of working mothers. By partnering with the County, local employers can help shape the child care delivery system to provide the type and quality of child care that employees need and want. The mission of the Council is to increase the involvement of the business community in child care at the workplace and in the community.

The Council’s staff provides services to employers regarding child care benefit options. A wide array of service is available to surrounding businesses, which includes assistance in the planning and development of child care benefits and child care resource and referral. In addition, the Council supports the development of quality child care programs in the community.

The Council has initiated a number of projects, including increasing the child care supply through major corporate-sponsored recruitment campaigns; enhancing the quality of child care through grants for training, professional development, and purchasing of child care materials; and encouraging local companies to establish family-friendly workplace policies.

Over the past twelve years, more than 25 companies have been involved with the Council. “Criteria for participation have resulted in the participation of many local and national employers who have been at the forefront of work-life, family-friendly initiatives. Many have been named to the 100 Best Companies for Working Mothers List published annually by *Working Mother Magazine*.”

Staff Director Gail Bjorklund states that:

in the past, we had to educate companies about what child care benefits like resource and referral were, but I've noticed in the last few years, companies seem much more knowledgeable about what these benefits are and how they will benefit their employees and the company.

In a report to the Fairfax County Board of Supervisors in February 2000, the Council stated two recent trends that could affect the ability of employees to successfully access child care in the future:

1. A steady increase in the demand for child care, especially for employees needing specialized child care services such as infant and school-age care, care for children with special needs, and care for children at odd hours.
2. A decrease in the number of people who are working in the child care field. Centers are experiencing high turnover rates and have trouble finding qualified staff to fill vacancies. There are fewer people willing to provide family child care than in the past.

The Council recommended an action plan to address these difficulties which includes: applying innovative technology to assist parents in finding child care, promoting an aggressive campaign to increase the supply of child care, working to strengthen a local child care ordinance, and establishing a public/private fund that would offer incentives for existing family child care providers and center staff for training or for staying in the child care field.⁵⁰

How to Form a Statewide Public/Private Partnership

Public/private partnerships have become a widely successful method of working to solve local and state issues in child care. The U.S. Department of Health and Human Services, through its Child Care Bureau, established The Child Care Partnership Project to promote successful public/private partnership practices both at the state and community levels. The project identifies and documents existing partnerships and has developed a series of technical assistance papers to guide in forming successful partnerships.

Here are some interesting examples from other states:

Texas Employer Coalition Initiatives The Texas Work and Family Clearinghouse, a government entity, was created to help attract and maintain a diverse workforce. It acts as an information broker on work and family issues for employers and professional consultants working in the field. The Work and Family Clearinghouse created an initiative that brings employers together to focus on child care issues among their employees and in their communities. The initiative began with regional conferences designed to pool resources, share information, and establish a local plan of action for the employer coalition.

The state then allocated general funds for these initiatives. Mini-grants of \$5,000 were given to hold conferences in ten cities. There are now coalitions in different stages of development. Start-up grants of \$25,000 were provided for local initiatives. Grant amounts have increased each year since. Each coalition decides what the most important child care needs are in their community and works towards funding and solutions.

Carol McDaniel of the Work and Family Clearinghouse states:

Five coalitions are now well established and companies are contributing on their own. What turned out to be key was that employers didn't apply for the grants; it was the nonprofit child care resource and referral agencies, which applied in cooperation with employers. Also, it turned out to be very important to have a real go-getter working to organize the employers. Some coalitions have gone on to form their own nonprofit organization in which employers are very much involved.⁵¹

Success By 6® Boston As stated earlier, the national goal of Success By 6® is that every child is ready to succeed in school by age six. In 1994, United Way of Massachusetts Bay (UWMB) found that the needs of their youngest children were not being met. Unlike other Success By 6® initiatives, which focus more on providing direct services, the Boston Success By 6® created a 50-member high-level Leadership Council to push for broad public investments and policies on behalf of young children. The goals of Boston's Success By 6® initiative are to raise awareness about early childhood development, improve access to critical health and human services for young children and their families, and advocate public policies that enhance the lives of all children. Through its high-level executive Leadership Council, Success By 6® Boston focuses primarily on statewide public policy to meet its goals.⁵⁷ Key business leaders have assumed active and very visible roles as advocates for children.

These leaders have formed alliances with more traditional children's advocates and civic leaders to successfully convince public policy makers to create and fund several initiatives to benefit children. Business leaders are influential with legislators. As one influential legislator told *The Boston Globe*, "When bank presidents advocate for child care, people take notice." Another business leader who has been a part of this group of unlikely messengers speaking on broad-based advocacy, enjoys being able to make a significant difference, "Given limited resources, in terms of return on investment, advocacy for kids is the single most effective investment we can make."⁵³

Florida's Child Care Executive Partnership In 1995, a federal research grant funded an analysis of who was employing the parents of children receiving subsidized child care in Florida. The findings of this study were presented at a child care financing symposium for key legislators, governor's staff, and employers. Out of this first symposium came the formation of the Executive Partnership in 1996. An executive board of business Chief Executive Officers, members of the child care community, and state government administrators oversee Florida's \$6 million effort to increase child care subsidy funding by matching, dollar-for-dollar, employer contributions. The board is active in reviewing existing policies and making recommendations on how to improve child care licensing, coordinate child care and pre-kindergarten programs, and encourage family-friendly workplaces.⁵⁴

The North Carolina Partnership for Children (Smart Start) Smart Start began as a result of a task force created under Governor James Hunt. In 1993, legislation was passed to establish a structure at both the county and state levels, and to allocate funds for providing services to young children and families. The state-level partnership provides technical assistance to local partnerships on program development, administration, organizational development, communication, fiscal management, technology, contract management, and fund raising. The county-level partnerships

foster collaboration and systemic change to ensure that children enter school healthy and ready to succeed. The General Assembly approved \$143 million for Smart Start. State revenues fund local partnerships, and state government agencies assist local partnerships in accessing federal funds that are available to support their efforts. Partnerships are mandated by the General Assembly to raise one private dollar for every \$10 they receive in state funding. County-level partnerships must have broad-based community participation, and are charged with creating and implementing plans and services for all of North Carolina's young children and their families.⁵⁵

The Indiana Child Care Symposium Initiative This initiative began in 1995 with the Child Care Action Campaign and the Indiana Family and Social Services Administration hosting a symposium on Child Care Financing. The first year, 17 county-based teams participated and it was so successful that it grew from an annual event to what is now a year-round program. The Symposium is a partnership providing support to local teams of business, community, and child care leaders who come together to address local child care issues. The state facilitates technical assistance, such as linking business mentors to local teams. Most teams conduct needs assessments to determine the best way to define their project goals. Governor Frank O'Bannon has allocated more than \$6 million from the Child Care and Development Fund to finance and provide technical assistance to local teams. County-based teams also receive local public and private funds to pay for staff time, space, and equipment.⁵⁶

A strong state-level public/private partnership is needed in Virginia to focus on developing a comprehensive plan for early care and education and to advocate for working families. Bi-partisan collaboration and cooperation are necessary. Past administrations have attempted to involve the business community in developing solutions to child care issues only to have their recommendations ignored by succeeding administrations. High-level business leadership and advocacy is crucial for any real change to occur in child care public policy in Virginia.

Here are some key ingredients for building a statewide partnership in Virginia:

Business leadership. Successful employer coalitions depend on employers taking the leadership role. The most successful initiatives occur when senior-level management is involved. This leadership allows the agenda to reflect the priorities of the members and encourages other businesses to participate.

Use existing resources. In order to build a public/private partnership, it is best to use those structures that already exist. For instance, there are approximately 26 community-based child care resource and referral agencies in Virginia.⁵⁷ They are already in touch with parents and providers and can lay the groundwork for organizing and planning any child care initiative.

Involve the community in planning. Make sure diverse groups of people from all areas of the community are represented at the beginning of any planning process. This might include city/county employees, members of the faith community, nonprofit organizations, United Way, business owners and managers, teachers, and parents. The most successful coalitions involve public school superintendents.

Share information and lessons learned. Effective working partnerships should get together with others around the state who are interested in similar issues. This might include holding or attending conferences. Learn what has worked and has not worked across the country and share success stories.

Organize. This can begin effectively by agreeing on a common mission and a set of goals followed by a written agreement of the role each partner will play in the process.

The key to the success of a public/private partnership is to involve high-level business leaders early in the process. The people who make decisions in the boardroom must be at the table from the beginning. Early involvement is critical in order to ensure that all participants feel that they truly have a stake in the partnership.⁵⁸

Is the State Helping?

Virginia Secretary of Health and Human Resources Claude Allen commented recently on how the current administration views business involvement in child care issues.

*Since it is apparent that government funding alone is not sufficient to address the outstanding need for child day care, Governor Gilmore will be exploring ways to encourage and invite the corporate community to become more involved in the child day care issue.*⁵⁹

There are several ways state and local governments can assist businesses with child care issues:

- Increase child care subsidies to help parents pay for child care,
- Provide grants and/or loans for child care providers,
- Issue bonds to finance grant and loan programs and encourage the bundling of child care services with larger capital development projects, such as hospitals or schools,
- Provide outreach to and educate employers about the benefits of investing in child care,
- Make child care start-up construction and renovation funding available to employers,
- Create employer tax credits that establish or subsidize child care facilities,
- Encourage real estate developers to construct or subsidize child care facilities through linkage legislation and bonuses. (Linkage legislation is an ordinance that generally mandates commercial or residential developers provide on- or near-site child care facilities or pay a fee into a community child care fund.),
- Evaluate the possibility of creating a child care trust fund with public and private contributions,
- Use small business programs, especially those targeting women business owners, to support small-scale child care providers,
- Become a model employer by providing child care options for public employees.⁶⁰

Not all incentives will work effectively in every state. For instance, Virginia offers a tax incentive to businesses to help employees with child care needs. The "Day-Care Facility Investment Tax Credit" is allowed for up to 25% of the expenditures made to establish a day-care facility for the children of employees, not to exceed \$25,000. The total credits may not exceed \$100,000 in any fiscal year.⁶¹ Unfortunately, the Department of Taxation reports that, so far, no business has utilized this tax credit in Virginia. This is consistent with other states that have instituted such tax credits. Employer tax credits tend to be geared towards expanding capital for start-up, but not for operating costs, which are labor-intensive and expensive. Employer tax credits at the state level may also

increase a corporation's federal tax liability. It is crucial, then, that public policy initiatives represent best practices and actually do improve child care.

Working parents are allowed to deduct the cost of child care when filing annual income taxes, however, this is not a refundable tax credit. For lower income families who do not have much of a tax liability to begin with, this does very little to help with child care costs. A more progressive approach would be to make this tax credit refundable for low- to middle-income families in Virginia. Only six states currently provide a refundable tax credit for child care expenses: Arkansas, Hawaii, Iowa, Minnesota, New Mexico, and New York.⁶²

Another method Virginia uses to promote the development of child care resources is through The Virginia Small Business Financing Authority. This agency administers a small loan program for regulated child care providers to fund quality enhancement projects or projects to meet or maintain licensing requirements. As of July 2000, there were \$1.2 million dollars in the fund, with 154 loans outstanding totaling \$1,294,532. In 1999, 71 loans were approved, totaling \$499,975. Most loans are made to center-based providers. While this type of program may be helpful for some, many providers will not qualify for the loans. Family child care providers are often declined, due to derogatory credit and insufficient income.

The Changing Workforce

There are seven national trends that suggest consequences for business and the families of the future:

- Labor shortages,
- Shifting work schedules,
- Increasing stress (both on working parents as well as children),
- Income mobility (as many as 50% of adults can expect to find themselves in new income categories each year due to the changing nature of employment and careers),
- Changing household composition,
- An aging population,
- School reform (the line between early childhood and elementary school is blurring).⁶³

In addition to these projected changes, businesses will increasingly be expected to accommodate changing attitudes about work as it relates to families if they hope to attract and retain the best workers. There has been a steady increase in the number of women in the workforce over the past three decades. Nationally, nearly 78 percent of women with children under 17 years old are working outside the home and that percentage is expected to increase in the next five years.⁶⁴ But issues surrounding access to affordable, quality child care are no longer just a women's issue. Fathers are increasingly placing family ahead of career ambition. A full 71 percent of men 21-39 said they would give up some of their pay for more time with their families.⁶⁵ A national survey of 1,008 men and women ages 21 to 65 and over, examined attitudes about work, life, and family across generations. Young men today want to take an active role in raising their children. Survey data show that young men today have a stronger desire to balance work and family than their fathers or grandfathers.⁶⁶

Businesses wishing to compete in a global economy may find themselves having to function on a 24-hour basis. More and more businesses need to keep their phone lines open early mornings, evenings, and weekends. As a result, more and more people will work nontraditional work schedules. This will increase the demand for odd-hours child care services. The Families and Work Institute has noted some important shifts in the nature of the relationship between employers and workers.

Family-friendly employment policies are increasingly viewed as an aspect of good customer service—not as the exclusive province of bleeding hearts. The growth of the service sector and corporate attention to customer satisfaction have spurred more business leaders to place greater weight on issues of morale and to acknowledge the importance of empowering employees to work with full concentration and peace of mind. Employers are recognizing, moreover, that as the demands of the workplace become more rigorous, their ability to hire and hold onto well-qualified workers is a matter of business survival.⁶⁷

The future economy will require new skills. Workers will need to be lifelong learners, able to learn new technologies as they emerge. The first goal of the National Education Goals states, “by the year 2000, all children in America will start school ready to learn.”⁶⁸ In the year 2001, it appears we are a long way from achieving that goal. We must begin to see child care as something other than custodial. Children do not begin learning in first grade, kindergarten, or even preschool. Good quality child care, whether it occurs in the child’s home by a parent, or outside the home by someone other than a parent, is the foundation of all education. If we fail to provide good quality early care for children, which includes providing support for working parents, we are failing to invest in our own future and our ability to remain competitive in the world market.⁶⁹

Forming powerful partnerships between public agencies and the private sector, in order to focus private and public energy and dollars on providing quality early care and education for our youngest citizens is about supporting working families and future economic development in Virginia.

Recommendations:

- **For Business** - The Virginia business community should assume real leadership in advocating for more responsive public policy with regard to the development of quality child care. A statewide business partnership for quality child care in Virginia should include support for family-friendly policies, substantial financial investment in planning, and the development of quality early care and education for young children in Virginia.

The business community should consider matching private funds with public funds, with the goal of eliminating all child care subsidy waiting lists in Virginia.

Business leaders should recognize the financial benefits of providing a family-friendly work place for their employees, and they should not only offer benefits, but also expect and encourage all employees to take advantage of them.

- For Government - State and local government leaders should recognize the economic sense of investing in early childhood education and in support for working families and provide increased tax incentives for businesses to offer family-friendly work environments.

Tax credits should be made refundable for low- to middle-income families to help with their child care costs.

Virginia should access all available federal funding for child care subsidies for low-income working families. More public review is needed in the development and implementation of the Child Care and Development Plan for Virginia, which is accomplished in two-year cycles. Advocates around the Commonwealth complain that factual information about how the Department of Social Services plans to spend and how it actually does spend this money has been difficult to obtain.

Eligibility for child care subsidies in Virginia should be expanded to come closer to the maximum allowed by federal law (families at 85% of state median income levels).⁷⁰ Currently, the eligibility level in Virginia ranges from 150% to 185% of the poverty level (with the higher levels in higher cost-of-living areas in Northern Virginia). A two-tiered approach with one level for a family to enter the system and a higher exit eligibility level allows parents to continue receiving a subsidy as their income rises to a higher level. This approach allows parents time to gain greater financial security.⁷¹

*Virginia needs to invest in a statewide system of community-based child care resource and referral programs. Virginia continues to be one of only three states in the country not providing financial support for a statewide system. Child care resource and referral agencies (CCR&R) assist in developing supplies of quality child care, administer public and private subsidies for child care, and can provide parents with consumer education on selecting and monitoring child care. CCR&R can provide help to local businesses in solving their child care problems.

Contact Information:

Square One

Keith Sykes, Director
287 Independence Blvd.
Pembroke II, Suite 218
Virginia Beach, VA 23462
(757) 552-0293

Success By 6®

Tanya High-Brooks, Director Community Initiatives
United Way of Roanoke Valley
325 Campbell Avenue, SW
Roanoke, VA 24016
(540) 345-7351

Loudoun County United Way

Andy Johnston
(703) 777-3920

Northern Virginia CARE

Amanda Mark
(703) 533-2557

The Fairfax County Employer Child Care Council

Gail Bjorklund
(703) 324-8030

Capital One

Katherine Murphy
(804) 934-8057

The Child Care Answer Line

Susan Goranson
(757) 627-3993

Texas Employer Coalition Initiatives

Carol McDaniel
(512) 936-3226

Success By 6® Boston

Judith Renahan-Rouse
(617) 624-8150

Florida's Child Care Executive Partnership

Susan Muenchow
(850) 681-7002

The North Carolina Partnership for Children

Monica Harris
(919) 821-7999

The Indiana Child Care Symposium Initiative

Carole Stein
(317) 232-1148

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The Action Alliance for Virginia's Children and Youth is the Commonwealth's only multi-issue, statewide child advocacy organization.

The mission of the Action Alliance is to build a powerful voice for children and to inspire the people of Virginia to act on their behalf.

The Action Alliance is a unique catalyst in implementing far-reaching, positive change for the children of the Commonwealth – through expertise in connecting resources, in providing accurate information, and in educating key groups and individuals. Through different educational and advocacy efforts, the Action Alliance, a membership organization governed by a volunteer Board of Directors, works to help all children grow into healthy, productive adults and to empower and inspire thousands to make life better for our most valuable resource – our children.

Contact information for the Action Alliance:

701 East Franklin Street, Suite 807

Richmond, VA 23219

Tel.: (804) 649-0184 FAX: (804) 649-0161

e-mail: actionalliance@vakids.org

web site: www.vakids.org

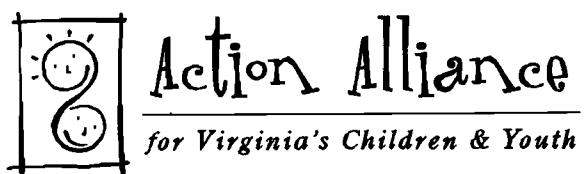
Information about the TEACH-VA project and the Virginia Coalition for Quality Child Care is available from the Action Alliance (www.vakids.org or 804-649-0184).



MARKEL INSURANCE COMPANY

Markel realizes that building workforce commitment means developing programs that meet the individual needs of its employees. When workforce commitment is present in the organization, Markel benefits through greater productivity and lower rates of employee turnover. Meeting employee needs has become a greater challenge, as individual needs vary more than ever before. In understanding this, Markel has attempted to design as much flexibility into its programs as possible. Some examples aimed at assisting employees in balancing work-life issues includes flexible work arrangements whether flex-time or reduced full-time to meet demanding personal schedules. Where child care is concerned, Markel allows employee flex credits to be used in the employee's pre-tax dependent daycare account. In addition, Markel contracts with Rainbow Station to provide a ready daycare alternative for sick children when regular daycare providers cannot be utilized – the company subsidizes this benefit. Lastly, Markel offers a family week, which is paid time off designed to give parents the opportunity to bond with natural or adopted children.

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701 East Franklin Street, Suite 807
Richmond, VA 23219
Tel.: (804) 649-0184 FAX: (804) 649-0161
e-mail: actionalliance@vakids.org
web site: www.vakids.org



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